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FISCAL IMPACT REPORT

SPONSOR: Stapleton DATE TYPED: 02/04/02 HJR 12

SHORT TITLE: Permanent School Fund Distribution SB

ANALYST: Smith

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY02	FY03			
	(49,115.5)	See Narrative	Recurring	Land Grant Permanent Fund
	49,115.5	See Narrative	Recurring	Supplemental School Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

State Investment Council (SIC)

SUMMARY

Synopsis of Bill

The resolution proposes to increase the distribution from the Land Grant Permanent Fund (LGPF) by 0.8 percent to 5.5 percent. Currently, the distribution is set at 4.7 percent. The increase would be restricted to the portion providing income to the common school fund. The increase would accrue to the newly created "supplemental school fund". The supplemental school fund would be used only to supplement but not replace existing school funding.

FISCAL IMPLICATIONS

The estimate assumes that it would take Congress the balance of FY03 to enact enabling legislation. In addition, the estimate assumes that the other beneficiaries of the fund would be held harmless over time.

SIC has stated that the distribution from the LGPF could be increased by 0.1 percent without eroding the corpus of the fund. As the accompanying graph demonstrates, this proposal would generate increasingly smaller distributions over time.

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By the year 2030, the corpus of the LGPF would be sufficiently eroded as to generate less under a 5.5 percent distribution plan than it would under current law

OTHER SUBSTANTIVE ISSUES

It is probably impossible to construct a statute that would prevent future legislatures from using this fund as an offset to public school funding.

SS/ar/njw
Attachment

***Land Grant Permanent Fund
Distributions Comparison***

